

DIRECTIVE

WORKFORCE INVESTMENT ACT

Number: WIAD03-8

Date: November 25, 2003
69:136:lh:7798

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: QUARTERLY AND MONTHLY FINANCIAL REPORTING
REQUIREMENTS *(INACTIVE)*

EXECUTIVE SUMMARY:

Purpose:

The purpose of this directive is to provide guidance for the reporting of quarterly and monthly Workforce Investment Act (WIA) financial data. This directive has evolved from two existing directives (WIA Directive WIAD02-12, dated March 11, 2003, WIA Monthly Reporting Requirements and WIA Directive WIAD02-1, dated July 2, 2002, Quarterly Financial Reporting Requirements) so reporting information, whether quarterly or monthly, can be obtained at one location. This directive addresses the requirement for reporting of accrued expenditures since accruals must now be reported when submitting quarterly financial data. It also provides the updated expenditure forms and line item instructions to assist users in completing each form. This directive does not change current participant reporting requirements.

Scope:

This directive applies to Local Workforce Investment Areas (LWIA) and all subgrantees in receipt of WIA grant funds. These LWIAs and subgrantees are required to comply with federal and State expenditure reporting requirements.

Effective Date:

This directive is effective on date of issue.

REFERENCES:

- Office of Management and Budget (OMB) Circular A-21: Cost Principles for Educational Institutions
- OMB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments
- OMB Circular A-122: Cost Principles for Non-Profit Organizations
- Title 29 Code of Federal Regulations (CFR) Part 95: Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

- Title 29 CFR Part 97: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government
- WIA Directive WIAD00-1, Subject: Allowable Costs (August 24, 2000)
- Title 20 CFR Part 652 et al.: WIA Final Rules, effective August 11, 2000

STATE-IMPOSED REQUIREMENTS:

This directive contains some State-imposed requirements. These requirements are indicated in ***bold, italic*** type.

FILING INSTRUCTIONS:

This directive supersedes WIA Directive WIAD02-1 dated, July 2, 2002, and Directive WIAD02-12 dated March 11, 2003. This directive finalizes Draft Directive WIADD-61 issued for comment on October 3, 2003. Retain this directive until further notice.

BACKGROUND:

The State is required by federal regulations to submit accurate financial reports to the Department of Labor (DOL) on a quarterly basis. The State is issuing this directive to provide essential information along with the new financial reporting forms. These new forms provide for reporting accrued and cash expenditures along with other standard information. Submittal dates for quarterly reports are identified under the “Quarterly Reporting Requirements” section of this directive. Submittal dates for monthly reports are identified in the “Monthly Reporting Requirements” section of this directive.

POLICY AND PROCEDURES:

Definition of Terms:

Accrual Basis of Accounting—The accounting basis wherein revenues and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. If the subgrantee records are not normally kept on the accrual basis of accounting, then the subgrantee must develop accrual information through analysis of documentation on hand.

Accrued Expenditures—The charges incurred and recorded, but not yet paid for, during a report period requiring the provision of funds by the grantee or subgrantee for (1) goods and other tangible property received, (2) services performed by employees, contractors, subgrantees, subcontractors, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

Cash Expenditures—An actual disbursement of funds for goods and services that have been received. Cash expenditures do not necessarily equal the amount of cash drawn.

CFDA Number—The number assigned to a federal program in the Catalog of Federal Domestic Assistance (CFDA). Adult programs use CFDA number 17.258, Youth

programs use 17.259 and Dislocated Worker programs (including rapid response) use 17.260. The clientele being served will determine which CFDA number to use when funded from the Governor's Discretionary Account (15 percent). For example: Adult clientele use 17.258, Youth clientele use 17.259 and Dislocated Worker clientele use 17.260. If serving a combination of clientele with 15 Percent funds then revert to using 17.260. Additionally, until further notified, entities are to use CFDA number (17.260) to report any National Emergency Grant (NEG) funding.

Closeout Report (Line Item)—The final financial report for a line item closeout (grant code). The forms required for a line item closeout report are the Closeout Status of Cash form and (if filing through the Job Training Automation [JTA]) a system generated copy of the EXPD – “Enter WIA Summary of Expenditures” (which is the PXPDP – “Print WIA Summary of Expenditures”) screen for the appropriate grant code. For information on the closeout process, refer to the WIA Grant Closeout Handbook (WIA Directive [WIAD02-2](#)).

Closeout Report (Subgrant)—The final financial report for a subgrant. The forms required for a closeout report (subgrant) are: Closeout Status of Cash Report, Summary of WIA Expenditures, Subrecipient Release Form, Subrecipient's Assignment of Refunds, Rebates and Credits Form and the Contract Closeout Tax Certification. For information on the closeout process, refer to the WIA Grant Closeout Handbook (WIA Directive WIAD02-2).

Grant Code—The three-digit code that identifies a particular allocation. The Workforce Investment Division (WID) accounts for each allocation by grant code. Therefore, several grant codes could exist within a subgrant.

Line Item within a Subgrant—The way a LWIA/subgrantee will receive funds allocated from different sources. Each line item is identified by its own three-digit grant code, description and funding amount in the subgrant. This will allow each line item to be tracked separately. Each line item is independent from other funding and can have different operational dates. Therefore, a line item must be closed out once the term has ended even though the funds may not be fully expended. A line item must also be closed out if the funds have been fully expended and the term has not ended.

Net Income Method—The accounting approach that has the costs incidental to the generation of program income netted against or deducted from the gross program income to determine the amount of net program income. The expenditures and revenues associated with performing the activity that generates program income are tracked separately in the accounting records. At the end of the reporting period, revenues and expenses are netted to determine the amount of net program income to be reported. Net program income is then recorded in the WIA program income account by appropriate title and funding period. At this time, the net income method used in the accounting for revenue and costs associated with generating program income must be used for the WIA program.

Obligations—An obligation is a formal contractual commitment for the amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or

subrecipient during the same or future period. A cash expenditure is an obligation for a good or service that has been received and paid for within the report period. An accrued expenditure is an obligation for a good or service that has been received within the report period, but has NOT been paid. An unliquidated obligation is a formal contractual commitment for a good or service that has NOT been received and has NOT been paid for within the report period.

Program Income—The income received by the local area or subgrantee directly generated by a grant support activity, or earned only as a result of the grant agreement during the grant period. At this time, the net income method used in accounting for revenue and costs associated with generating program income must be used for the WIA program. Interest income earned on funds received under WIA is included as program income. (Note: Cash resulting from the generation of program income must be used by the subgrantee before additional WIA cash can be ordered.)

Subgrant—The vehicle that conveys WIA funds to each LWIA/subgrantee. The subgrant may contain one or more grant codes and is term specific.

Unliquidated Obligations—Unliquidated obligations are the dollar amount of formal orders placed. For example: documents showing purchase orders, contract delegation orders or contracts and subgrants awarded that are to be paid at a future date. Unliquidated obligations are the amount of obligations committed to by the subgrantee for which the goods or services have not been received within the report period and for which an outlay (cash) or an accrued expenditure has not been recorded.

WIA Summary of Expenditures Report—A state-designed report that provides data elements for LWIA/subgrantees to submit expenditures and other reportable items on an accrual basis.

QUARTERLY REPORTING REQUIREMENTS:

All WIA grant recipients are required to report expenditures on an accrual basis and must submit quarterly expenditure reports.

Grant recipients are responsible for ensuring all reports required by the State are submitted on time and that the data reported is complete. The time limit for the expenditure of these funds is specified in each officially signed subgrant agreement, including subgrant award modifications.

When filing quarterly financial reports LWIAs/subgrantees may find any one of the following situations has occurred during a reporting cycle. Quarterly reports must be filed as follows:

1. If funds were placed in a subgrant prior to the close of a quarter and no financial activity occurred since the program started then a “zero” report must be filed. A “zero” report means the expenditure report will contain all zeroes. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form attached to this directive or download a copy from the Employment Development Department (EDD) Web site. The

report is then to be submitted by mail or fax. A “zero” report is filed until financial activity occurs.

2. If financial activity occurred within the quarter, then a report must be filed reflecting cumulative expenditures (including accruals) from the effective date of the funding through the end of the report quarter. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form and submit the report by mail or fax. A copy of this form can be obtained from the EDD Web site.
3. If financial activity occurred in prior quarters but not in the current quarter, a report is still required. Report prior cumulative information (including accruals) when completing the current quarterly expenditure report. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form and submit the report by mail or fax. A copy of this form can be obtained from the EDD Web site.

Attention: Marie Gastelum or Grey Rider
Financial Management Unit, MIC 69
Workforce Investment Division
Employment Development Department
P. O. Box 826880
Sacramento CA 94280-0001

Fax: (916) 654-9586 or (916) 654-9657

Additionally, LWIAs/subgrantees must adhere to the following dates shown in the table below along with the guidelines listed in numbers 1-4. (Note: When the reporting deadline falls on a weekend or holiday, all reports are due by close of business [COB] on the last working day prior to the reporting deadline. For example, the fourth quarter report for State Fiscal Year 2002-2003, was due July 20, 2003, [Sunday]. Since the 20th fell on a weekend the report was due no later than July 18, 2003, [Friday].)

| Due Dates for Quarterly Reports | |
|---------------------------------|------------|
| 1st Quarter (July-Sept) | October 20 |
| 2nd Quarter (Oct-Dec) | January 20 |
| 3rd Quarter (Jan-Mar) | April 20 |
| 4th Quarter (May-June) | July 20 |
| Hard Copies-4th Quarter Only | July 27 |

File and submit a separate EXPD report for each line item (grant code).

Subgrantees with access to the JTA system must electronically submit quarterly financial reports by the 20th of the month following the end of each report period. Example: Quarterly reports for the quarter ending September 30th are due October 20th.

Subgrantees without access to the JTA system must submit hard copies by the 20th of the month following the end of each report period. Example: Quarterly reports for the quarter ending September 30th are due October 20th.

When submitting fourth quarter financial data (June 30th report period), hard copies of each report (by grant code) must be submitted by July 27th by all entities. Revisions to fourth quarter financial data will be accepted after July 20th, however, the data will not be included in the official fourth quarter amounts submitted to DOL or incorporated into amounts calculated for the recapture of any formula funds (grant codes 201-202, 301, 501-502).

MONTHLY REPORTING REQUIREMENTS

To advance efforts in monitoring WIA expenditure levels, monthly financial reports for all funded WIA 15 Percent projects and all 25 Percent rapid response funding are required. The data must be submitted on the forms identified in Attachments 1 and 2.

All LWIAs/subgrantees in receipt of WIA 15 Percent statewide or 25 Percent rapid response funds must provide monthly expenditure financial reports.

Monthly financial reports are not required on formula funds (grant codes: 201, 202, 203, 301, 501, 502 and 503).

Monthly expenditures (including accruals) and obligations must be reported on a cumulative basis and a separate expenditure report must be filed for each line item (grant code).

Accruals do not need to be split out for monthly reports as required with the quarterly reports.

Submit expenditure data for all 15 Percent projects and all 25 Percent rapid response grant codes using the forms shown in Attachments 1 and 2. Line item instructions are provided for each attachment. Instructions will identify those lines specific to the filing of monthly financial data.

When filing monthly financial data LWIAs/subgrantees may find any one of the following situations has occurred during a reporting cycle. Monthly reports must be filed as follows:

1. If funds were placed in a subgrant prior to the close of a month and no financial activity occurred since the program started then a “zero” report must be filed. A “zero” report means the expenditure report will contain all zeroes. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form attached to this directive or download a copy from the Employment Development Department (EDD) Web site. The report is then to be submitted by mail or fax. A “zero” report is filed until financial activity occurs.
2. If financial activity occurred within the month then a report must be filed reflecting cumulative expenditures (including accruals) from the effective date of funding

through the end of the report month. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form and submit the report by mail or fax. A copy of this form can be obtained from the EDD Web site.

3. If financial activity occurred in prior months/quarters but not in the current month, a report is still required. Report prior cumulative information (including accruals) when completing the current monthly expenditure report. Those entities linked to the JTA system must use the EXPD selection. Entities not linked to JTA must manually complete the EXPD form and submit the report by mail or fax. A copy of this form can be obtained from the EDD Web site.

Attention: Marie Gastelum or Grey Rider
Financial Management Unit, MIC 69
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P. O. Box 826880
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Monthly financial reports are always due the 20th of the month following the report period. (Note: When the reporting deadline falls on a weekend or holiday, all reports are due by COB the last working day prior to the reporting deadline. For example, when reporting for the month of February 2004, the due date would be March 20th. Since March 20th is a Saturday, the monthly report is due March 19th.) Below is a timeline providing a schedule of when monthly reports must be filed.

| Report Month | Report Month to Use in JTA System | Report Due Date |
|--------------|-----------------------------------|-----------------|
| January | 1/XX | 2/20/XX |
| February | 2/XX | 3/20/XX |
| April | 4/XX | 5/20/XX |
| May | 5/XX | 6/20/XX |
| July | 7/XX | 8/20/XX |
| August | 8/XX | 9/20/XX |
| October | 10/XX | 11/20/XX |
| November | 11/XX | 12/20/XX |

Monthly reports are not due for the months ending March, June, September or December since quarterly reports must be filed for these four months.

Subgrantees with access to the JTA system must electronically submit monthly financial reports by the 20th of the month following the end of each report period. Example: A monthly report for the month ending January 31st would be due February 20th.

Subgrantees without access to the JTA system must submit hard copies by the 20th of the month following the end of each report period. Example: A monthly report for the month ending January 31st would be due February 20th.

ACTION:

Bring this directive to the attention of all staff involved in the expenditure reporting and fiscal accounting process.

INQUIRIES:

If you have questions on the filing of the WIA financial reports, please contact Marie Gastelum at (916) 653-0521 or Grey Rider at (916) 654-7508.

Please direct inquiries about this directive to your [Regional Advisor](#) at (916) 653-6347 or Program Manager at (916) 654-7799.

/S/ BOB HERMSMEIER

Chief

Workforce Investment Division

Attachments are available on the Internet:

1. [Summary of WIA Expenditures—Form and Line Item Instructions](#) (DOC)
2. [Summary of WIA Expenditures—Youth Form and Line Item Instructions](#) (DOC)